
COARSE GRAINS: WORLD MARKETS AND TRADE

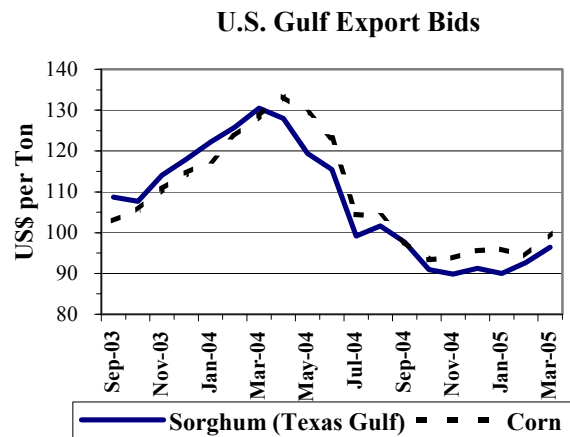
MONTHLY HIGHLIGHTS:

China To Export More Corn: Beijing recently announced another 3-million-ton export quota. In addition, the government has also increased the Value Added Tax (VAT) rebate to exporters. Together, these measures suggest that there are sufficient domestic supplies to support higher exports. Traders have reportedly signed contracts for over 4 million tons to be shipped by June. Reports of exporters having difficulties sourcing the grain notwithstanding, China is expected to step up shipments in the coming months.

PRICES:

Domestic: March export bids for #2 yellow corn averaged nearly \$100/MT, up more than \$5 from February and the largest change in 6 months.

March export bids for #2 yellow sorghum (Texas Gulf) averaged over \$96/MT, up almost \$4 from the previous month but still more than 25 percent below year-ago prices. Sorghum's discount to corn doubled from that of February to over \$3 per ton.



TRADE CHANGES IN 2004/2005

Selected Exporters

- **United States corn** is cut by 1.0 million tons to 45.5 million because of more competition from China.
- **Argentina corn** is raised by 0.5 million tons to a record 14.0 million because of increased demand from Brazil.
- **China corn** is increased by 1.0 million tons to 5.0 million due to newly announced government measures that encourage exports.
- **Serbia corn** is lowered by 400,000 tons to 200,000 due to reduced supplies and higher domestic needs.
- **EU barley** is cut by 500,000 tons to 2.8 million because of slow exports thus far and reduced import demand from Saudi Arabia.
- **Australia sorghum** is up by 100,000 tons for the second consecutive month (to 700,000) because of a record crop. **Argentina sorghum** is reduced by the same amount, given its

quality and transportation disadvantages. This is the lowest in 10 years and the second lowest in USDA's database.

- **EU rye** is up 100,000 tons to 650,000 due to larger than expected sales out of intervention stocks.

Selected Importers

- **Brazil corn** is raised by 600,000 tons to 1.0 million, the highest in 5 years, because of a drought-affected crop and strong domestic demand.
- **Venezuela corn** is lowered by 200,000 tons to 600,000 due to sluggish imports.
- **Saudi Arabia barley** is down by 500,000 tons to 6.0 million because of good pasture conditions.